

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

OMB-01 TRSY-02 /045 W

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R 061210Z DEC 76

FM AMCONSUL MILAN

TO SECSTATE WASHDC 5106

INFO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EIND, ELAB, IT

SUBJECT: SPRAGUE-CREAS DECLARED BANKRUPT

REF A) MILAN 1137; B) MILAN 1720

1. SPRAGUE-CREAS, AMERICAN SUBSIDIARY MANUFACTURING ELECTRONIC COMPONENTS IN ITALY, WAS OFFICIALLY DECLARED BANKRUPT BY MILAN COURT NOVEMBER 11. PARTIES INVOLVED HAD MADE EFFORT TO SELL FIRM FOR PRICE THAT WOULD HAVE PAID OFF TAXES, WORKERS, AND 40 PERCENT OF SUMS OWED CREDITORS UNDER CONCORDATE PREVETIVO PROCEDURE (REF B). FAILURE OF AMERICAN PARENT COMPANY TO PROVIDE ANY FINANCIAL ASSISTANCE TO MILAN SUBSIDIARY, HOWEVER, MADE LIQUIDATION UNDER THIS PROCEDURE IMPOSSIBLE.

2. SPRAGUE EUROPEAN REPRESENTATIVES, TREMBLAY (GENEVA AND FRANK ()) GAVE US TWO REASONS FOR REFUSAL TO SETTLE IN WAY DESCRIBED ABOVE. FIRST, SPRAGUE-US WAS UNWILLING TO PROVIDE "ANOTHER DOLLAR" IN SUPPORT OF MILAN SUBSIDIARY, SECONDLY, MANAGEMENT HERE, WHICH WOULD HAVE PREFERRED TO PAY OFF CREDITORS AND THEN REMOVE MACHINERY, WAS CONVINCED THAT UNIONS WOULD PHYSICALLY PREVENT COMPANY FROM DOING LATTER.

3. WORKERS STILL CONTINUE OCCUPATION OF SPRAGUE-CREAS PLANT. ACCORDING TO FIRM'S FORMER LIQUIDATOR, WORKERS THUS HOPE TO BE EMPLOYED BY WHOMEVER BUYS LIQUIDATED PLANT. AT SAME TIME, LIMITED OFFICIAL USE

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POTENTIAL BUYERS REFUSE TO VISIT FACILITIES AS

LONG AS PLANT REMAINS OCCUPIED. THERE ARE NOW NO OFFICIAL  
OFFERD TO PURCHASE PLANT AND EQUIPMENT.

4. COMMENT. OUTCOME OF LIQUIDATION WAS BEST POSSIBLE FOR SPRAGUE  
IN SENSE THAT COMPANY WAS ABLE TO SHUT DOWN OPERATIONS IN ITALY  
WITH LEAST COST. PROCESS, HOWEVER, WAS WELL PUBLICIZED IN  
HOSTILE PRESS AND LEFT MANY UNPAID CREDITORS AND WORKERS. WHOLE  
AFFAIR HAS DONE LITTLE TO ENHANCE IMAGE OF MULTINATIONALS AND  
SPECIFICALLY US FIRMS.FINA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRIAL PLANTS, LIQUIDITY (MONETARY), CLOSURE OF OFFICES, BANKRUPTCIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** vogelfj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MILAN02638  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760450-1228  
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**Original Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SPRAGUE-CREAS DECLARED BANKRUPT  
**TAGS:** EIND, ELAB, IT, SPRAGUE-CREAS S P A  
**To:** STATE  
**Type:** TE  
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